

CITY OF EDEN, N.C.

A special meeting of the City Council, City of Eden, was held on Thursday, January 17, 2002 at 5:00 p.m. in the City Council Chambers, 308 East Stadium Drive. Those present for the meeting were as follows:

Mayor:		Philip K. Price
Mayor Pro Tem:		John E. Grogan
Council Members:		Ronald H. Reynolds
		Billy Vestal
		Christine H. Myott
		Jerry Epps
	(absent)	C.H. Gover, Sr.
		Garry Tudor
City Manager:		S. Brad Corcoran
City Attorney:	(absent)	Tom Medlin, Jr.
City Clerk:		Kim J. Scott
Deputy City Clerk:		Sheralene Thompson
Representatives from City Departments:		
Representatives from News Media:		Doug Grant, <u>Eden Daily News</u>

MEETING CONVENED:

Mayor Price called the special meeting of the Eden City Council to order and welcomed those in attendance. He explained that the presentation to the Council would be made by Mrs. Lori Ford, Director of Finance and Personnel and due to the length of the meeting, there would be no public comment, only a presentation by Mrs. Ford and discussion among the Council.

Mayor Price then asked Mrs. Ford to come forward with her presentation.

- (a) Consideration of an Ordinance Amending Section 10-7.5 "Vacation Leave: Eligibility", Section 10-7.6 "Vacation Leave: Accrual Rate" And Section 10-7.7 "Vacation Leave: Maximum Accumulation" of the Eden City Code.

Mrs. Ford explained that they were recommending that the vacation policy for the City of Eden for less than five (5) years be ten (10) days; for five (5) years to fourteen (14) years be fifteen (15) days; for fifteen (15) years to twenty-four (24) years be twenty (20) days; and for twenty-five (25) or more years be twenty-five (25) days.

She also recommended that the maximum accrual rate for all employees be increased to 240 hours and all excess vacation hours at the end of a calendar year be available to be converted to sick time.

She noted that the lower end of the vacation policy was currently zero (0) days for the first year, with five (5) days at the end of the first year, and then ten (10) from there. She explained that twenty-one (21) municipalities were surveyed and Eden was the only one with this policy in place.

She stated that the theoretical dollar amount associated with this new plan was approximately \$40,000. She added that no employee salaries would be increased, there

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would be some loss productivity but it had been discussed among the department heads that they would be able to operate effectively with the absence of the people and they did not expect to add any additional personnel by recommending this policy.

Mrs. Ford noted that regular probationary employees would not earn any vacation during the first six (6) months and for sworn public safety employees it would be the first twelve (12) months. At the end of the first six (6) months or the first twelve (12) months when one received a successful probationary evaluation, six-month regular employees will be awarded five (5) days and at the end of twelve (12) months, the sworn public safety will either be awarded ten (10) days or the shift deferential for the Fire Department because they work 212 hours per month.

Mayor Price opened the floor for discussion.

Council Member Tudor stated that at present, the City of Eden awards zeros (0) days of vacation during the first year of employment and the minimum amount offered by the 21 communities in the survey was ten (10) days of vacation during the first year of employment. He noted that this could be a recruitment problem for the city. He stated that they have good employees and they need to look at what was the going standard and try to compete. He added that they want to serve the citizens of Eden the best they could and he was of the opinion that they give the best service to the citizens when they could attract and keep the best employees. He stated that he liked the recommendation but he understood that there may be questions from others regarding years of service and days accrued and if they did, as they go up the chart from five (5) to fifteen (15) years, he would like to hear their comments about that, but otherwise, he thought that this was an excellent plan that had been presented to them at this point.

Mayor Price agreed that he liked the plan and he also agreed that the city should award good quality people for their work. He added that he did think that when they got to the year 15 – 24 and 25 and up, rather than twenty (20) days vacation, he would like to see eighteen (18) and twenty (20) days rather than twenty (20) to twenty-five (25) days.

Council Member Grogan recommended that at the end of six (6) months, employees would receive a week and at the end of the second year, another week, and then go with fifteen (15) days and twenty (20) days with the maximum being twenty (20) days. As far as accumulation, at the present time thirty (30) days can be accrued.

Mrs. Ford explained that it was actually two times what one could accrue, so a second or five-year employee could only keep twenty (20) days.

Council Member Grogan questioned that if one did not use the vacation and had accumulated the max, then that it may be converted to sick days. He asked if sick days were compensated.

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Mrs. Ford replied that for municipal employees, they were mostly used toward retirement. Once those excess days convert to sick time, when an employee leaves, either voluntarily or involuntarily, the sick days were not paid for.

Council Member Grogan commented that from the public and private sector, in most all instances, you use it or lose it. He stated that in many cases if an employee does not get to use all their vacation in that one year, the most liberal he had heard of was in the first quarter of the following year, one would have the opportunity to use vacation at that time and at the end of that quarter, if it was not used they would lose it.

Mrs. Ford stated that they have several employees now who were losing vacation because they were at the maximum accrual rate, so they designed it so that it would not be a total loss.

Council Member Grogan asked that if it was carried over to the next year and they were given an opportunity to take the excess in that first quarter, would that not take care of it to which Mrs. Ford replied that it would work as well.

Mayor Price asked Council Member Grogan if his recommendation for 15-24 years service was for 18 or 20 days to which he replied that he recommended that they go from 5, 10, 15 and 20.

Mayor Price explained that a proposal was before the Council for the alternative plan of five (5) years, ten (10) days; five (5) to fourteen (14) years, fifteen (15) days; fifteen (15) to twenty-four (24) years, twenty days (20) and for twenty-five (25) plus, twenty (20) days and to use the excess vacation in the first quarter rather than accruing it on sick time.

Mayor Price asked for any further discussion.

Council Member Epps expressed an interest as to how many employees might need to take some time off in that first quarter.

Mrs. Ford noted that Eden had a lot of long-term employees. She estimated that there might be 30% who would have carry over vacation days. She stated that she felt there would be more people saving their vacation and letting it convert to sick time because the local government retirement system did recognize sick leave toward usable time to retire.

Council Member Vestal commented that this would be the most cost-effective plan.

Mrs. Ford explained that sick time was stricter in the personnel ordinance. If an employee was out three (3) days, a department head or the manager could demand a doctor's note. There were guidelines to prevent the use of abuse.

A motion was made by Council Member Tudor seconded by Council Member Epps that the City Council accept the proposal as designed and stay with the sick days accruing and

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change year fifteen (15) to twenty-four (24) to eighteen (18) days vacation rather than twenty (20) days and they change years twenty-five (25) or more to twenty (20) days instead of twenty-five (25) days. Action on the motion was as follows: All Council Members present voted in favor of this motion. This motion carried.

- (b) Consideration of an Ordinance Amending Section 10-7.2 "Holidays" and Section 10-7.4 "Holidays: Compensation When Work is Required" of the Eden City Code.

Mrs. Ford explained that this recommendation would technically add a minimum of one (1) holiday each year and a maximum of two (2) on years where Christmas day falls on a Tuesday, Wednesday, or Thursday. She noted that the city currently has ten paid holidays.

For departments that were staffed 24 hours a day, seven days a week, currently that was shift personnel and the Police Department, Fire Department and the Waste Water Treatment, they would be awarded that time up-front, as in January 1st of the calendar year, to be used by December 31st. This would basically be considered on their checks as holiday time line item and separate from comp time so they would not be into comp time constraints.

Mrs. Ford explained that this policy was also the elimination of the city's current policy that pays time-and-one-half per holiday's work. She noted that one key point was the cost savings associated with the elimination of time-and-one-half policy which was estimated to be about \$30,000. The benefit for shift personnel would be that they could take multiple holidays in a row at any time. The estimated cost of adding those holidays was roughly \$15,400 annually; however, the actual cost would be minimum if the city eliminated the time-and-one-half policy. Then the cost would be associated with the emergency service personnel such as the Collection & Distribution Department which deals with water line breaks, etc., and they would be subject to on-call pay at that time.

Mrs. Ford explained that in regards to Veterans Day, the productivity of the staff was severely constrained during that day with the closing of the postal service, banks and many of the governmental entities that the staff works with.

Mrs. Ford noted that since the production of this benefits package several people not wanting to close the building three days at Christmas had approached her. As a possible solution she suggested changing the third day at Christmas to a personal holiday, giving the staff the ability to take an additional day off at any time during the year. If the time-and-one-half policy was not eliminated, each additional holiday will cost the City approximately \$3,000. Several municipalities in the survey carried on the policy of awarding time up front.

Mayor Price went over the recommendation for clarification.

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Council Member Tudor referred to the third day in that would be a personal holiday and would only be for the two out of three years in the next five that Christmas falls on Tuesday, Wednesday, or Thursday.

Mrs. Ford replied that she did not have a preference. They could do it that way or on a yearly basis. Actually, if the personal holiday were awarded, it would mean an addition of two holidays each year versus the plan of two holidays, three out of seven.

Mr. Corcoran added that the idea was to eliminate the third day at Christmas altogether and never have the office closed three days at Christmas and insert a personal day instead.

Council Member Tudor read the recommendation explaining that this was two out the next five years that the employees would get twelve (12) days instead of eleven (11). He noted that if they went with the personal day, they would get it every year.

A motion was made by Council Member Grogan seconded by Council Member Epps to extend the holidays by one day.

Council Member Vestal commented that the vacation was awarded to emergency personnel; however, they still have to work on a holiday.

Council Member Tudor asked if this means that the other employees receive additional hours for a holiday to which Mrs. Ford replied that was correct.

Mayor Price asked for specification of the extra day to which Mrs. Ford replied that the general consensus was for both Veterans Day and an extra day at Christmas but Veterans Day was awarded by most governmental establishments. Mayor Price asked the employees in the audience to vote and it was indicated that Veterans Day carried.

Action on the motion was as follows: All Council Members present voted in favor of this motion. This motion carried.

Council Member Vestal asked to change the wording in 10-7.4, "Holidays: Compensation When Work is Required". He moved to reinstate the holiday pay for those people who were forced to work on holidays, that they change the sentence in line one where it says "may be granted", to "will be granted". He noted that there were approximately 15 employees who will be required to work on holidays. He stated that he felt it was no benefit if they still had to work on Christmas day. He agreed that everybody was going to get the eleven-(11) days, but these people were being required to work on holidays and he felt that most places have paid time and a half on holidays. He added that some even get double time or double time and a half. He also added that it would not cost a great deal of money, as it was just 15 people they were talking about.

A motion was made by Council Member Vestal seconded by Council Member Tudor that those employees receive time and a half for those hours.

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Council Member Grogan stated that he felt this recommendation was to get away from time and a half and double-time. Mayor Price agreed that was the rationale. He added that he could understand both points of view. He proposed that they pay time and a half but only four (4) days, which would include Thanksgiving, Christmas, New Years, and July Fourth, with the other holidays being paid regular.

Council Member Vestal reiterated that it was not a benefit to have to work a holiday as it put an imposition on the family. He felt that those people should receive some benefit for working any holiday.

A substitute motion was made by Council Member Grogan seconded by Council Member Reynolds to pay time and a half for the four major holidays (Christmas, Thanksgiving, New Years Day, and July Fourth). Action on the motion was as follows: Council Members Grogan, Reynolds and Myott voted in favor of this motion. Council Members Tudor, Epps and Vestal voted in opposition. Due to a tie and the absence of Council Member Gover, Mayor Price voted in favor of this motion. The substitute motion carried.

(c) Consideration of an Ordinance Amending Section 10-6.3 (B) "Health Insurance" of the Eden City Code.

Mrs. Ford explained that under this recommendation, employees with twenty-five (25) years of service who retire under the local government retirement system and the last 50% of that time, which was 12.5 years, with the City of Eden, the city would pay 50% of the employee's health insurance premiums. For employees who retire with thirty (30) years of service under the local government retirement system and the last 50% of that time, fifteen (15) years with the City of Eden, the city would pay 100% of the health insurance.

She noted that this has been a key point, that most municipalities surveyed offer this benefit. She stated that by having 50% of the time (12.5 or 15 years given) that would help the city retain more experience employees and also help leave the city with a more stringent policy than the City of Reidsville, then Rockingham County, then the State.

She pointed out that the cost was analyzed. In November of 2001, the Council passed the policy of eliminating the practice of allowing any employee who retired regardless of years of service to remain on health insurance. This would probably save approximately \$100,000. She noted that they still had those employees who were grandfathered, so it would not be an immediate result. She noted that they had basically looked at this as a bell shaped curve. There were roughly two employees in the current year with thirty (30) years of service. That would increase to eight (8) in 2004-2005, thirteen (13) in 2006-2007, nineteen (19) by 2008-2009, twenty-nine (29) by 2010-2011, thirty-five (35) by 2012-2013 (maximum), twenty-seven (27) by 2016, seventeen (17) by 2019, seven (7) by 2023 and two (2) by 2026. There were quite a few people with fifteen (15) years or more and then this would drop tremendously. She noted that it was highly unusual now for people to stay in the same position for 30 years.

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Mrs. Ford stated that the Council actually eliminated paying time and a half on some of the holidays so they would have some cost savings there. There were other potential recommendations that they could make to eliminate, one being longevity which could be reduced and allow a Christmas bonus plan. She added that they could also implement a cap. She stated that she knew that health insurance premiums were a great cost. If they gave a cap of \$400 per month to employees with thirty (30) years or more and a cap of \$200 per month for twenty-five (25) to twenty-nine (29) years of service, in their greatest year the cost would be about \$194,400. This was costly but also a recruiting tool to help remain competitive. She noted that the City of Reidsville only requires the last ten (10) years of service be with the city and their scale was actually 25%, 50% and 100%.

Mayor Price noted that most everyone agreed this was something that had to be dealt with to be fair to the people involved. He opened the floor for discussion.

Council Member Reynolds asked where the money would come from down the road, since there were no new businesses coming in and people were moving out, with nobody moving in.

Mrs. Ford explained that some money would come from the cost savings done in the past. She agreed that it would cause some reshuffling in the budget.

Council Member Myott expressed an interest in the cap.

Council Member Grogan also stated that he was interested in what was said regarding longevity.

Mrs. Ford explained that if this were even cut in half, it would be a savings of about \$30,000.

Mr. Corcoran added that they had provided a financial analysis to Council. The actions the Council took in November in terms of eliminating the practice of allowing any and all employees to stay on the city's self insurance fund upon separation from the city, would result in a savings in excess of \$100,000 once those employees become eligible for Medicare. Those employees presently have claims averaging in excess of \$8,000 per year, according to the city's consultant. When the amount they were paying for the premium was deducted, and the number of employees receiving the benefit multiplied the difference, this would give them \$100,000. As a result of the change in holidays, they would actually be continuing to pay four of the ten holidays in terms of time and a half. The other six they would not, the cost was \$2,979.21 per day which was a savings \$17,975.20. In reference to longevity, if this was eliminated, the cost was \$56,700 per year. If they replaced that with an annual Christmas bonus of approximately \$150 per year per full-time employee, that would still net a savings per year of \$28,650. This would total \$145,600.

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Mayor Price commented that he had thought of a 10% cap but \$400 per month was basically a 10% cap. A control on cost was needed for insurance as the city was on a fixed income and the community would be on a fixed income for many years after they (Council) were gone.

Mr. Corcoran explained how the \$400 was derived. He stated that presently the current premium was \$347 per month (\$330 for health insurance, \$17 dental, 10% over was \$34.70 which totals \$381.70). He stated that he felt that tied in with what the Mayor was saying in terms of 10%.

Council Member Tudor commented that if they went to caps there was nothing to say that as time went on they could raise the caps to which Mr. Corcoran agreed that was correct.

A motion was made by Council Member Tudor seconded by Council Member Vestal that the city pay half for the employee that retires with twenty-five (25) years of service with a cap of \$250 and pay 100% insurance for an employee who retires with thirty (30) years of service with a cap of \$400. He proposed that they eliminate longevity pay and give a bonus of \$150 a year. All Council Members present voted in favor of this motion. This motion carried.

(d) Consideration of Revisions to “Insurance Benefits – Work Related Disability” of Administrative Policies and Procedures Manual.

Mrs. Ford explained that this was for consideration that the policy that was rescinded November 20, 2001 be reinstated and be reworded to include an approved Workers Comp disability. She stated she felt this would be a tremendous moral booster for the city’s at-risk employees.

A motion was made by Council Member Grogan and seconded by Council Member Vestal to accept this policy. All Council Members present voted in favor of this motion. This motion carried.

(e) Consideration of an Ordinance Adding Section 10-6.14 “Civic Organization Membership” to the Eden City Code.

Mrs. Ford explained that this was for consideration in an effort to encourage department heads to become involved with local civic organizations and for the city to pay \$200 toward memberships. This would be an annual proposal subject to Council approval during the budget process.

A motion was made by Council Member Grogan seconded by Council Member Reynolds to review this at the annual budget session. All Council Members present voted in favor of this motion. This motion carried.

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- (f) Consideration of an Ordinance Adding Section 10-6.15 "Transfer of Sick Leave" to the Eden City Code.

Mrs. Ford explained that this would allow all new employees who come from another governmental entity to transfer their accrued sick leave for retirement purposes only into their personnel file within the first twelve (12) months of employment. She noted there was really no cost associated with this benefit and it was used for purposes of calculating retirement.

Council Member Vestal pointed out that this would also be a good recruiting tool

A motion was made by Council Member Vestal seconded by Council Member Epps to add Section 10-6.15 "Transfer of Sick Leave" to the Eden City Code. All Council Members present voted in favor of this motion. This motion carried.

Council Member Grogan asked what the turn over was in the city.

Mrs. Ford replied that there was not much of a turnover in the higher, technical positions but in the lower rate positions there was approximately a 30-40% turnover.

Mayor Price stated that before Mrs. Ford continued if the Council had any issue they wished to discuss.

Council Member Myott asked Mrs. Ford the number of employees who lived within the city limits to which Mrs. Ford estimated a ratio of 50/50. The City Manager added that he did not know but this was something they could find out.

- (g) Consideration of an Ordinance Amending Section 10-1.4 "Application of Policies, Plan, Rules and Regulations", Section 10-3.1 "Definition", Section 10-3.8 (B) and (G) "Salary Effect of Promotions, Demotions, Transfers, Reclassifications, Reassignments, Special Assignments and Certifications"; Section 10-3.11 (B) and (C) "Overtime Pay Provisions", Section 10-4.3 (A), (D) and (F) "Recruitment, Selection and Appointment", Section 10-5.6 (b) "Sexual Harassment", Section 10-6.5 "Other Group Insurance Plans", Section 10-6.13 "Longevity Pay", Section 10-7.11 (C) "Sick Leave", Section 10-7.12 (B) "Sick Leave: Accrual Rate and Accumulation", Section 10-7.13 "Sick Leave: Medical Certification", Section 10-7.18 "Parental Leave", and Section 10-7.23 (A) "Family Medical Leave Policy (FMLA)" of The Eden City Code.

Mrs. Ford explained that basically these were all "wording" corrections or type-o's.

A motion was made by Council Member Tudor seconded by Council Member Myott to approve these amendments. All Council Members present voted in favor of this motion. This motion carried.

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Discussion of Section 10-3.11:

Council Member Vestal asked to discuss 10-3.11. He noted that 80% of other municipalities have a 480 hour cap on non exempt personnel. The city's Finance Department had to write overtime checks because of the city's low cap (120 hours Police and 72 Fire). He stated he would like to see the cap raised.

Mr. Corcoran commented that if they looked at the survey results, 80% of the communities allow a cap of 480 hours. Currently the City of Eden was at 120 hours in the Police Department and previously they have been at 72 in the Fire Department. If they looked at their financial statements, the amount of money that was spent on overtime, he knew for instance that the Fire Department budget was already shot, and that was due in large part to the fact that they have already reached the peak in the max hours which could be carried toward comp time which meant they had to be paid overtime. By increasing the cap to 240 hours, this would allow Police and Fire personnel to accumulate more hours of comp time, thereby reducing the amount overtime pay.

Mayor Price asked Council Member Vestal if his recommendation was to increase the cap from 72 hours to 120 hours and exempt personnel from 40 to 60 hours to which Council Member Vestal replied that they double it to 240 hours.

A motion was made by Council Member Vestal seconded by Council Member Tudor to increase the cap from 120 hours to 240 hours in Police and Fire.

Mrs. Ford explained that they have Fire and Police personnel who would prefer to have the time off instead of the money. She explained to Council that Mr. Vestal was proposing to increase the comp time allowing employees to accrue and take it off at a later date. This would save money if the employee chose comp time versus overtime.

Mr. Corcoran added that if an employee works in excess of the stipulated hours in the work period, they were entitled to overtime pay. The supervisor did not have the right to refuse this and force the employee to take comp time; this was an option they have. He stated that some of them might want this option, but for instance the Fire Department was limited to a maximum of 72 hours and when working a 24 hour shift, it did not take long to accumulate 72 hours especially if one had to fill in for a coworker. In the Police Department it did not take long due to court time, training, etc. This gives those workers the opportunity to accumulate more comp. time, which could save the city money in overtime pay.

Mayor Price asked Mrs. Ford to explain the difference in comp time and overtime rate.

Mrs. Ford replied that comp time was computed for every hour and half worked. This was the same as overtime rate.

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Council Member Reynolds questioned that if a police officer called in sick was someone else called in to work their area.

Mr. Corcoran replied that in the Fire Department they would do that. In the Police Department there were seven rotating shifts and if one of the officers was absent, all of the other officers were already spoken for in terms of their shift, they still have it covered. In the Fire Department, there was only one per station so someone would need to be called.

Action on the motion was as follows: All Council Members present voted in favor of this motion. This motion carried.

ADJOURNMENT:

A motion was made by Council Member Grogan seconded by Council Member Tudor to adjourn. All Council Members voted in favor of this motion. This motion carried.

Respectfully submitted,

Kim J. Scott
City Clerk

ATTEST:

Philip K. Price
Mayor